1Q21 Financial Results - 17 June, 2021

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The manager in charge of preparing corporate accounting documents, Nicola Perin, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the accounting figures, books and records.

This investor presentation contains measurements that were not prepared in accordance with IAS/IFRS.

1Q21 Highlights
Market largely outperformed and almost €40m of EBITDA recovery

First quarter was still heavily impacted by lockdowns. Top line performance when stores were open has been strong: total **net sales** reached **€229.6m, or +123.6%** vs. 1Q20 and -27.7% vs. 1Q19, despite 36% of fewer trading hours. OVS website achieved +45% growth vs. 1Q20.

Market share continued to increase at a remarkable rate without any increase in store surface area, reaching **8.7%** (**+63bps** vs. April 2020).

Adjusted EBITDA was equal to **€5.7m,** posting a strong recovery compared to 1Q20, thanks to (i) higher sales, (ii) a solid gross margin partially due to lower promotional activities and, (iii) a tight cost control. **30Apr21 LTM EBITDA amounted to €112.6m,** growing by 54% vs.FY20 EBITDA.

Net Debt stood at **€474.9m,** underlining a 1Q cash flow in line with the one of 2019, a period free of lockdowns. The expected gradual deleverage of the Group started strong: in the first three months of the year, **Net Debt/EBITDA ratio decreased by 1.3x.**

Good sales performance continued also in May, with sales **increasing double digit** vs. the same month of 2019, also boosted by the **new brands** recently introduced within the OVS' commercial offering.

8.7%
Italian market share (+63Bps vs. 30Apr20)

€5.7m
Adjusted EBITDA (+116.7% vs. 1Q20)

€474.9m
Net Debt (1.3x Net Debt/EBITDA ratio improvement vs. 31Jan21)

Source: Sita Ricerca for market share and market trends

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Key Income Statement Items
Recovery well underway

- **Net Sales** amounted to **€229.6m**, up by 123.6% vs. 1Q20 and down by -27.7% vs. 1Q19, despite 36% of lower trading hours: the strong recovery vs. last year was largely expected, but the performance underlines the good results achieved when stores were open. 1Q21 was still affected by lockdowns that characterized all shopping malls and many regions in Italy. As anticipated, since stores reopened in May, sales performance continued to be strong also vs. 2019.

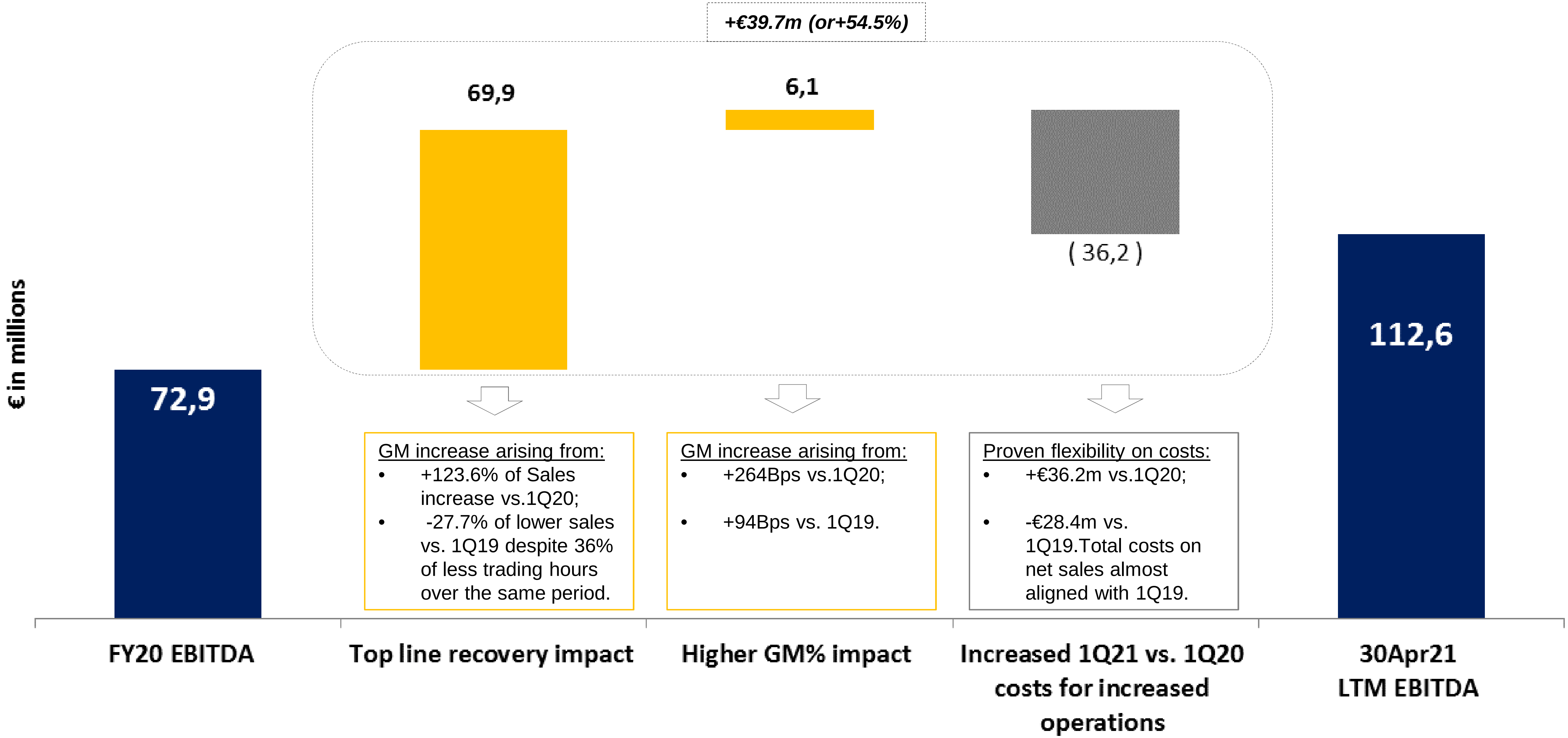
- **Adjusted EBITDA** was **€5.7m**, increasing by 116.7% vs. 1Q20. Sales recovery, gross margin increase and the already proven flexibility of the Group's cost structure allowed to **overcome the break-even point**. Such progression contributed to a fast recovery also in terms of **LTM EBITDA**, which now amounts to **€112.6m** (vs. €72.9m of FY20 EBITDA).

- **Net Debt** amounted to **€474.9m**. 1Q21 cash flow amounted to -€73.9m, reflecting the normal seasonality of the business and in line with the one of 1Q19 (-€69.6m), a quarter which was not impacted by any lockdown. 30Apr20 Net Debt benefitted from some longer payment terms granted by OVS' suppliers following the first wave of the pandemic in Italy: such longer payment terms have been fully paid over the last twelve months.

€ mln	30.04.2021 (A)	30.04.2020 (A)	*Chg.*	*Chg. %*
Net Sales	**229.6**	**102.7**	***126.9***	***123.6%***
EBITDA	**5.7**	**(34.0)**	***39.7***	***116.7%***
EBITDA%	*2.5%*	*-33.2%*		
EBIT	**(8.2)**	**(47.7)**	***39.4***	***82.7%***
EBIT%	*-3.6%*	*-46.4%*		
PBT	**(13.5)**	**(52.4)**	***38.9***	***74.2%***
Net Financial Position	**474.9**	**428.8**	*(46.1)*	
Market Share	8.7%	8.1%		+63ppt

(A) Only the adjusted results (known as managerial) have been reported: in particular, they do not reflect (i) the application of IFRS16 and (ii) the mark-to-market impact at net debt level (amounting to -€5.5m).

30Apr21 LTM EBITDA evolution
Recovery well underway

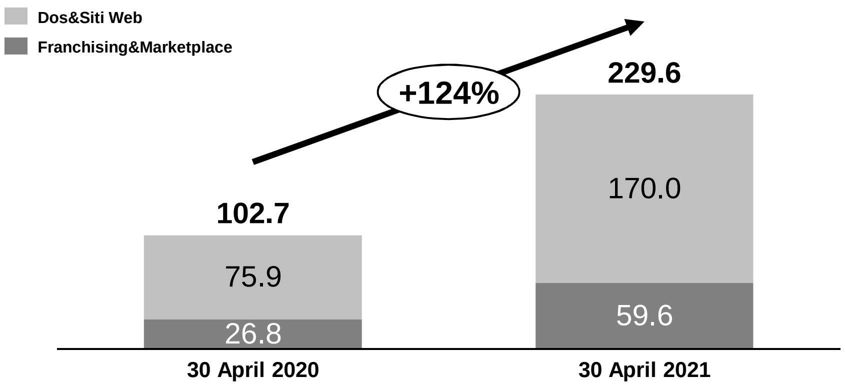


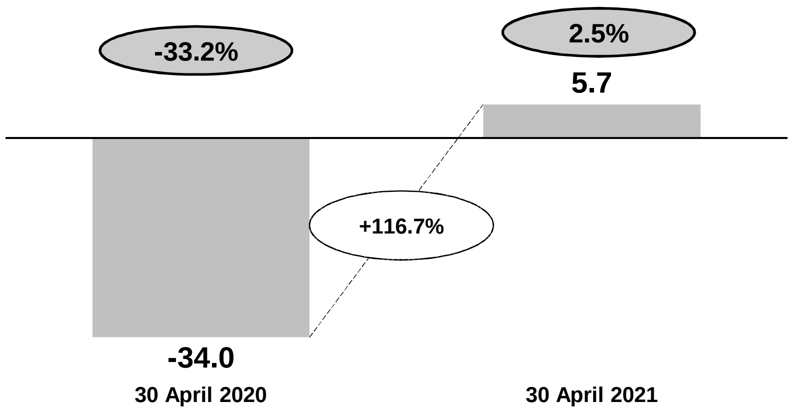
Aggregate Sales and EBITDA Performance in 1Q21

Net Sales (€mln)

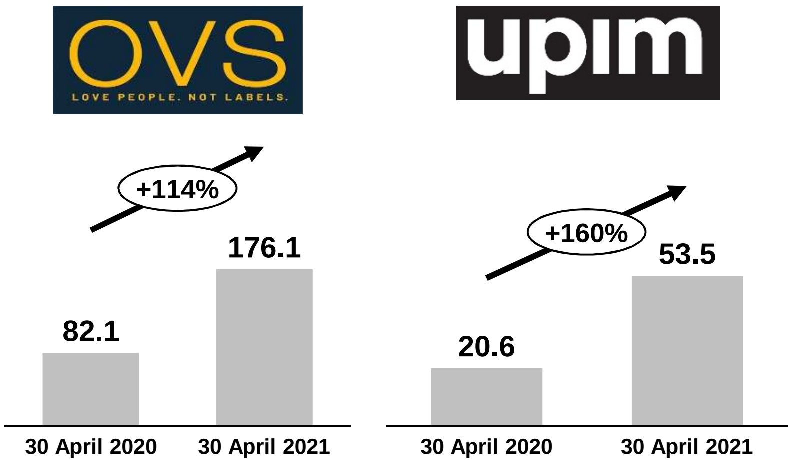
EBITDA (€mln)

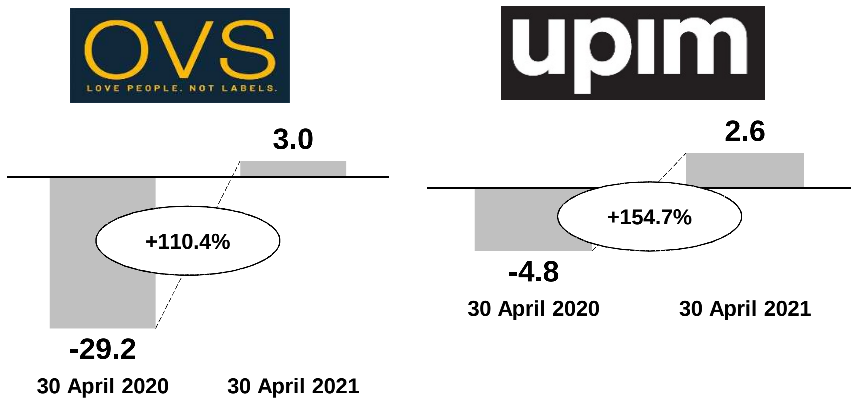
Aggregate Performance





Performance By Brand





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30Apr21 Consolidated Trade Working Capital

€mln	30Apr21	30Apr20	*Change Apr21-Apr20*
Trade Receivables	107.3	93.1	14.2
Inventory	438.5	442.5	(3.9)
Trade Payables	(294.7)	(330.8)	36.1
Trade Working Capital	**251.1**	**204.8**	**46.3**

Trade working capital was **€46.3m** higher than a year earlier, gradually normalizing over the periods:

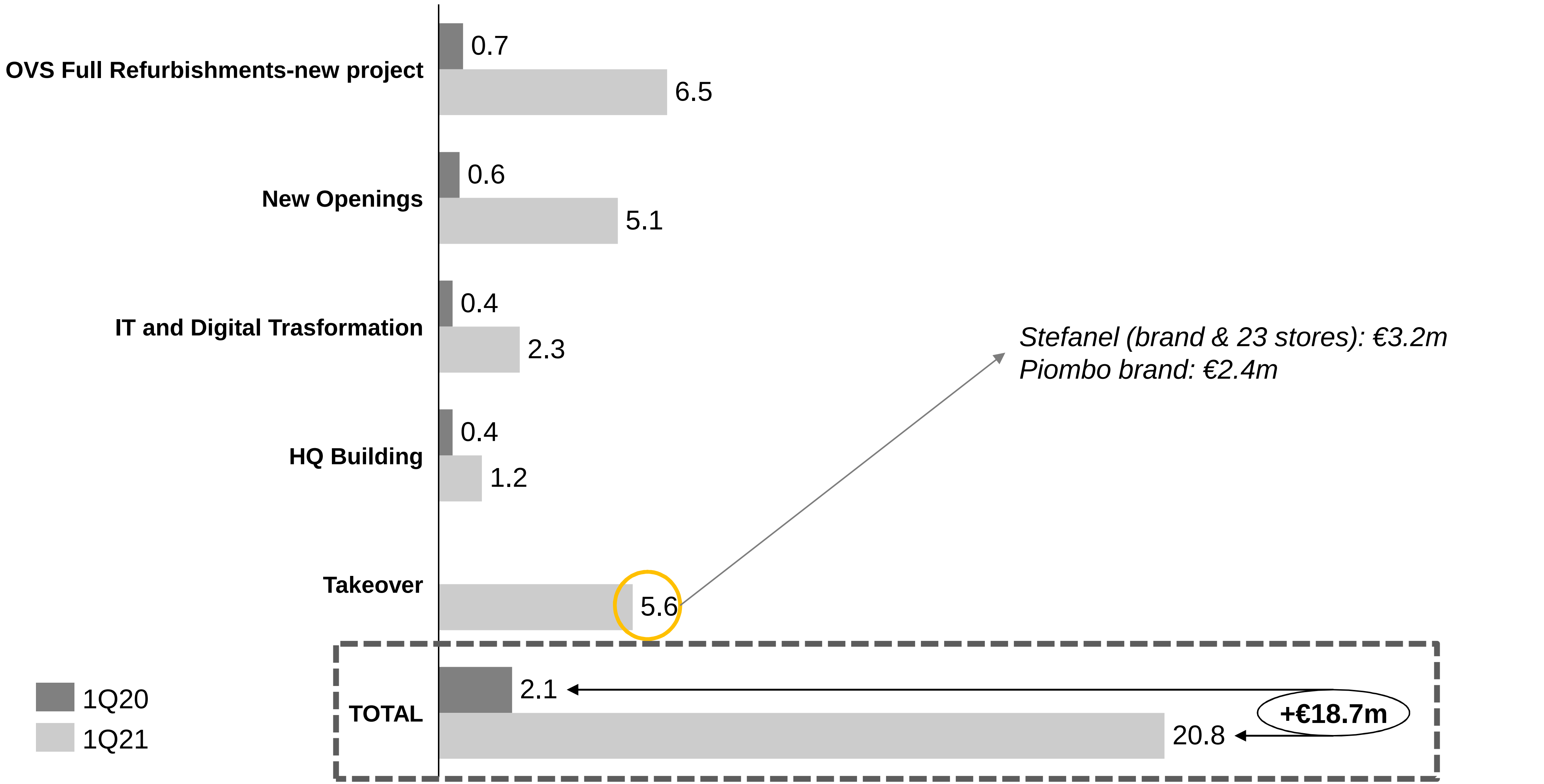
- Compared to 1Q20, **trade receivables** increased by €14.2m, reflecting higher sales to franchise partners, which benefitted from their main particularities: (i) stores mainly located in small catchment areas and (ii) mainly dedicated to the kids segment (thus less subject to lockdowns). DSO are significantly improving over time, with LTM sales on trade receivables increasing sharply vs. 31Jan21.

- **Inventory** was lower by -€3.9 vs. 30Apr20. In absence of longer than expected lockdowns in 1Q, inventory would have decreased even more vs. last year. The focus on more durable and cross-season products will allow the Group to sell more products during Fall and at the beginning of the Winter period.

- **Trade payables** decreased by -€36.1m vs. last year. At 30Apr20, some longer payment terms were agreed with suppliers in order to manage the extraordinary market conditions. In the following months, lower payables will result in lower cash out vs. last year, to the benefit of the FY21 cash flow.

Trade Working Capital does not reflect the new IFRS16 accounting principle.

Capex increased by €18.7m vs. 1Q20 reflects a normalization of the level of investments after a 2020 with extraordinary focus on liquidity management



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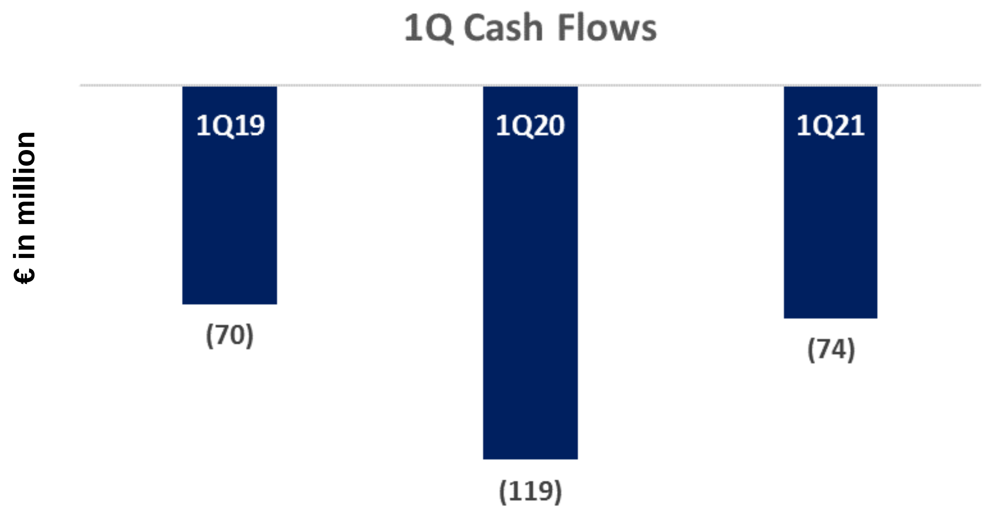
Consolidated Cash Flow Statement

€mln	1Q21	1Q20
EBITDA Adjusted	5.7	(34.0)
Adjustments	(2.0)	
EBITDA	3.7	(34.0)
Change in Trade Working Capital	(23.4)	(56.4)
Other changes in Working Capital	(25.0)	(23.1)
Capex	(20.8)	(2.1)
Operating Cash Flow	(65.5)	(115.7)
Financial charges	(5.4)	(5.1)
Taxes & others	(3.1)	1.9
Net Cash Flow excl derivatives MtM and IFRS 16	(73.9)	(118.9)



1Q21 cash absorption was **€45m lower than last year** (improvement grows to €63.7m once capex are excluded): 1Q20 was heavily impacted by Covid-19 and cash absorption would have been even higher in absence of longer payment terms agreed with suppliers.

Despite the material lockdowns that impacted also 1Q21, (i) good sales performance during store opening hours, (ii) effective cost control and (iii) flexibility in sourcing, allowed the Group to report a **1Q cash flow aligned with the one of 1Q19** (-€74m vs. -€70m), the latter a period characterized by the normal seasonality of the business and not impacted by the pandemic (**FY19 cash flow was positive and equal to +€65.9m**).

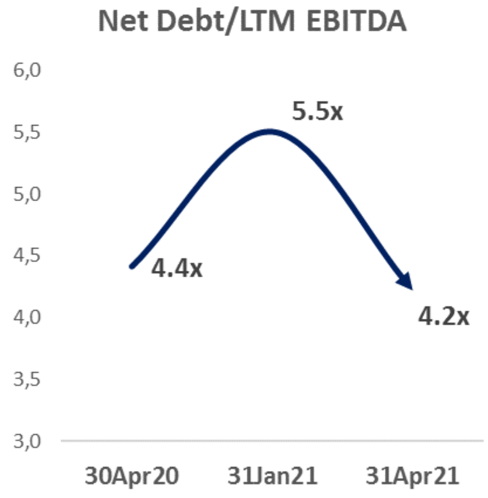
Net Debt and Leverage
After the pandemic, first tangible signals of Group deleverage

€ mln	30 April 2021	30 April 2020
Net Debt excluding MtM & IFRS16	474.9	428.8
Leverage on EBITDA (*) ***Adjusted Net Debt/EBITDA Adjusted LTM***	4.22x	4.42x
Leverage on EBITDA (**) **Adj. Average last 12 months Net Debt/EBITDA Adjusted LTM**	3.64x	4.07x

Notes:

(*) calculated on Net Debt at 31 October excluding the MtM and the IFRS16

(**) calculated on the average last 12 months Net Debt excluding the MtM and the IFRS16



- At 30 April 2021, **Adjusted Net Debt** (i.e. not reflecting the impact of the mark-to-market and the one deriving from the application of IFRS16), was equal to **€474.9m**.
- The ratio **Net Debt/EBITDA** was 4.2x, **decreasing by 1.3x vs. 31Jan21**. Such decrease was mainly attributable to the recovery in profitability reported at EBITDA level during the first three months of the year. The average interest rate for the period was 3.46% + Euribor 3m.
- Good sales in May are **accelerating** the already expected deleverage of the Group, significantly reducing the use of the available revolving credit line.

Outlook

- Actions undertook by the Italian Government and the vaccination campaign are continuing to bring positive effects, with almost 50% of the entire Italian population having received at least one dose of vaccine. All stores are now open in Italy and we are convinced that our sector, which was one of the most affected by the restrictive measures, will also be among those that will benefit the most from post-pandemic consumption.

- Starting from the second half of May, stores in shopping centers have reopened also on weekends. May sales increased double digit vs. the same month of 2019. We must highlight the good performance achieved by the unexpected discoveries under concession included within the OVS' commercial offer, which contributed materially to exceeding the expected targets.

- The Italian apparel market, still highly fragmented, will continue to consolidate towards a smaller number of players: we believe OVS will be one of them, in the process increasing its market share due to the clear strategies implemented, including: (i) enlarging our offering through the inclusion in our distribution platform of different brands, owned by OVS or by third parties, international icons or unexpected discoveries, (ii) focusing on sustainability, (iii) expanding our network also in small catchment areas, as testified by the significant number of requests received by the Group in order to open new stores in franchising (iv) the unique multichannel approach available in the Italian territory.

- The Group is working on the final approval of the prospectus in order to start with the proposed Capital Increase, which is now reasonably expected to take place between the last week of June and the first one of July.

Appendix

New OVS Refurbished store in Treviso

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Consolidated Profit and Loss and related adjustments

€ mln	30.04.2021 Reported Pre IFRS16	of which Adjustments, Normalizations & Reclass.	30.04.2021 Adjusted	30.04.2020 Reported Pre IFRS16	of which Adjustments, Normalizations & Reclass.	30.04.20200 Adjusted	Chg. (Adjusted)	Chg.% (Adjusted)
Net Sales	**229.6**		**229.6**	**102.7**		**102.7**	**126.9**	**123.6%**
EBITDA	4.3	(1.4)	**5.7**	(36.6)	(2.5)	**(34.0)**	**39.7**	**116.7%**
EBITDA%	1.9%		2.5%	-35.6%		-33.2%		
EBIT	(11.7)	(3.5)	**(8.2)**	(52.3)	(4.6)	**(47.7)**	**39.4**	**82.7%**
EBIT%	(5.1%)		-3.6%	-50.9%		-46.4%		
PBT	(16.6)	(3.1)	**(13.5)**	(51.1)	1.3	**(52.4)**	**38.9**	**74.2%**

The table shows the results reported (excluding the application of the IFRS16) and the adjusted ones, to represent the Group's operating performance net of the non-recurring events unrelated to the core business.

In particular, 1Q21 EBITDA was adjusted mainly as follows: (i) -€0.5 million in net foreign exchange losses on forward hedging of purchases of goods in foreign currency sold in the period, (ii) €1.5 million in non-recurring expenses directly attributable to the COVID-19; (iii) €0.1 million in costs relating to stock option plans (non-cash costs), and (iv) other less significant net one-off costs including some lay-offs for €0.3m.

Other adjustments that impacted EBIT and the result before tax concerned: (i) costs of €2.1 million related to the amortization of intangible assets relating to purchase price allocation, and (ii) adjusted net incomes of -€0.4 million, mainly relating to foreign exchange differences arising from the valuation of items denominated in foreign currency, including with respect to forward derivatives and realized foreign exchange differences.